



DOCKET FILE COPY ORIGINAL

1850 M Street, N.W., 11th Floor  
Washington, D.C. 20036  
Telephone: (202) 828-7453

RECEIVED

JUL - 6 1993

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Jay C. Keithley  
Vice President  
Law and External Affairs  
United Telephone Companies

July 6, 1993

Mr. William F. Caton, Acting Secretary  
Federal Communications Commission  
1919 M Street, N.W., Room 222  
Washington, D.C. 20036

RE: In the Matter of Treatment of Operator Services Under Price Cap Regulation  
CC Docket No. 93-124

Dear Ms. Searcy:

Attached are the original and five copies of the Comments of the United and Central Telephone Companies in the proceeding referenced above.

If you have any questions, please feel free to call.

Sincerely,

Jay C. Keithley  
Vice President  
Law and External Affairs

Attachment

JCK/mlm

No. of Copies rec'd  
List ABCDE

045

RECEIVED

Before the  
FEDERAL COMMUNICATIONS COMMISSION

JUL 6 1993

The Commission proposes to subject operator service rates of price cap LECs to banding constraints "to ensure that price cap companies do not have unlimited ability to change prices for these services in relation to other traffic sensitive or interexchange rates."<sup>3</sup> United opposes the Commission's proposal because there is insufficient evidence to suggest that such price constraints are necessary.

In the LEC Price Cap Reconsideration Order, the Commission established the factors to be reviewed in determining the need for service categories:

We must determine the amount of pricing flexibility in light of the regulatory history of the service, its pricing history, the identity of the ratepayers, the ability of ratepayers to obtain alternatives, as well as other market conditions.<sup>4</sup>

In the Notice, the Commission does not establish or even suggest that it reviewed any of these factors. In fact, the Commission offers no evidence that the price cap LECs are likely to abuse the price cap ratemaking process regarding operator services and, thus, make the creation of a new service category necessary. This is because no such evidence exists. While operator services are relatively new services, LEC pricing behavior to date does not indicate that LECs are abusing or will abuse the pricing

---

3. Notice at par. 1.

4. In the Matter of Policy and Rules Concerning Rates for Dominant Carriers, CC Docket No. 87-313, Order on Reconsideration, 6 FCC Rcd 2637 (1991) at par. 157.

flexibility they have in this regard. Indeed, the only LEC behavior mentioned in the notice is the fact that numerous LECs have filed Part 69 waivers to establish access elements to recover the costs of providing operator services.<sup>5</sup> This is not evidence that pricing flexibility needs to be constrained further. The waivers were necessary simply because the operator services in question are new services and not currently described in the Part 69 rules.

A major objective of price cap regulation was to reduce administrative burdens. As the Commission noted in the original LEC Price Cap Order, unnecessary service categories are


caps.<sup>7</sup> Absent a demonstration that pricing constraints are necessary to prevent unreasonable prices for operator services, the additional administrative burdens created by establishing still another service category cannot be justified.

There is no justification for the creation of a new service category for operator services, and United urges the Commission to refrain from adopting the proposal contained in the Notice.

Respectfully submitted,

UNITED AND CENTRAL TELEPHONE  
COMPANIES

By

  
Jay Q. Keithley  
1850 M Street N.W.  
Suite 1100  
Washington, DC 20036  
(202) 857-1030

Craig T. Smith  
P. O. Box 11315  
Kansas City, MO 64112  
(913) 624-3065

THEIR ATTORNEYS

July 6, 1993

---

7. When the LEC Price Cap Order was adopted there were four baskets and the Traffic Sensitive Basket had three service categories and the Special Access Basket had four.

## **CERTIFICATE OF SERVICE**

I, Melinda L. Mills, hereby certify that I have on this 6th day of July, 1993, sent via U.S. First Class Mail, postage prepaid, or Hand Delivery, a copy of the foregoing "Comments of the United and Central Telephone Companies" in the Matter of Treatment of Operator Services Under Price Cap Regulation, CC Docket No. 93-124, filed this date with the Acting Secretary, Federal Communications Commission, to the persons listed below.

ITS  
1919 M Street, N.W.  
Room 246  
Washington, D.C. 20554

  
Melinda L. Mills